

MIDVAAL LOCAL MUNICIPALITY

MINUTES OF THE 1ST ORDINARY MEETING OF 2012 OF THE MIDVAAL LOCAL MUNICIPALITY
HELD ON THURSDAY, 26 JANUARY 2012 AT 18:00

C 769/01/2012
SMC A/2539/01/2012

9.A.12 [FS]: ADJUSTMENTS BUDGET 2011/2012: OPERATIONAL AND CAPITAL BUDGET

**5/1/1 2011-
2012**

COMPETENCY: COUNCIL

The Executive Mayor pointed out that several amendments to the circulated revised opex and capex budgets for 2011/2012 are required (see attached changed pages 55, 57, 72, 75, 158 and 160). These were read and will be affected by the Executive Director: Finance.

RESOLVED:

1. That the revised operational budget for 2011/12, attached as annexure "A" to the report (distributed under separate cover) as amended, be approved.
2. That the revised capital budget for 2011/12, attached as annexure "B" to the report (distributed under separate cover) as amended, be approved.



ADJUSTMENT BUDGET 2011 / 2012

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1. EXECUTIVE MAYOR'S REPORT

Summary of reasons for the 2011/12 Adjustments Budget

In accordance with section 28 of the Municipal Finance Management Act, No 56 of 2003 (MFMA) a municipality must revise its approved annual budget through an adjustments budget, in the following circumstances:

- (i) To adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue;
- (ii) To appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
- (iii) To authorise the utilisation of projected savings in one vote towards spending under another vote;
- (iv) To authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected rollovers when the annual budget for the current year was approved by the Council;
- (v) To correct any errors in the annual budget.

The Municipal Budget and Reporting Regulations stipulate that one adjustments budget may be tabled in the municipal Council during a financial year. The Adjustments Budget must normally be approved by Council by the end of February.

The Executive Mayor recommends that the Council approves the 2011/12 Adjustments Budget and the indicative allocations for the projected outer years 2012/13 and 2013/14.

2. BUDGET RELATED RESOLUTIONS

Council resolves that the adjustments budget of the municipality for the financial year 2011/12 be approved, in accordance with Section 28(2) of the Municipal Finance Management Act, 56 of 2003, as set-out in Annual budget tables.

3. EXECUTIVE SUMMARY

In view of changes in circumstances regarding the Opex 2011/2012 and Capex budget (2011/2012) a comparison between the approved 2011/2012 budget and the proposed revised budget 2011/2012 reveals the following variances:

A. OPEX BUDGET (Annexure "A")	APPROVED 2011/2012 BUDGET	REVISED 2011/2012 BUDGET	VARIANCE
Total: Expenditure	R549 765 673	R565 272 956	R 15 507 282
Total: Revenue	R529 736 357	R546 855 249	R 17 118 892
Less: Off setting - depreciation	- R 20 029 317	- R 18 417 707	- R 1 611 610
Grants/subsidy	R 50 683 052	R 50 683 052	R 0
	R 30 645 000	R 32 239 333	R 1 594 333
NETT SURPLUS	R 8 735	R 26 012	R 17 277

1. **Expenditure** – Variance of R15 147 100 include the following:-

	Approved budget	Revised budget	Variance
Employee/Councillor Related Cost	R148 897 794	R143 156 159	- R 5 741 635
General Expenditure: Departments	R 45 368 038	R 40 182 122	- R 5 185 916
Bulk Purchases	R165 576 812	R192 000 000	- R26 423 188
Financial Services	R 16 212 154	R 15 866 944	- R 345 211
Contracted Services	R 48 055 885	R 43 499 240	R 4 556 645
Repairs and Maintenance	R 43 533 400	R 34 043 272	R 9 490 128
Departmental Charges	R 4 335 537	R 4 622 000	- R 286 463
Depreciation/Redemption	R 59 815 033	R 59 232 018	R 583 015
Contribution to provisions	R 19 843 000	R 34 861 000	- R15 018 000
Less: Amounts charged out	R 1 871 981	-R 2 189 800	- R 317 819
	R549 765 673	R565 272 956	- R15 507 282

- The saving on Employee/Councillors related cost is contributed to extended vacancy periods and the non appointment of new officials.

- General Expenditure Departments: Consists of a various number of provisions being either increased or reduced such as:

Audit Fees	R 410 000
Compensation for Injuries and Deceases	- R 218 000
Connections	- R 408 008
Lease Agreements	- R 129 245
Fleet - Fuel	- R 493 048
Marketing/Promotions	- R 320 235
Legal Expenses	- R 289 360
Postage	- R 265 100
Rental	- R 429 487
Services to Informal Settlements	- R 458 000
Stationery/ Printing/ Binding etc.	- R 310 136
Stores and Materials	- R 523 880
Telecommunications	- R 525 092
Valuation Roll	- R 400 000
Other	- R1 918 606
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	- R5 185 916
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- General Expenditure: Bulk Purchases were recalculated due to the increase in consumption and improved meter reading methods by suppliers.

Electricity	R 22 549 920
Water	R 3 873 268
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	R 26 423 188
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- General Expenditure: Financial Services increased with R274 763 due to interest on External Borrowings which increased.
- General expenditure Contracted Services shows a decrease of R 4 559 454 and consist of:

Operational & Emergency Plan	R 200 000
EPWP	R 182 000
General	- R4 913 685
Strike Contingency Plan	- R 97 000
Other	R 121 960
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	- R4 556 645
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- Repairs and Maintenance variance consists of:

Maintenance: Buildings, Fences and Sites	- R 607 308
Network/Infrastructure: Bulk Services	- R7 692 720
Network/Infrastructure: Gravel Roads	- R 703 200
Network/Infrastructure: Tarred Roads	R 696 800
Resealing of Tarred Roads	- R 516 000
Maintenance Fleet	- R1 093 800
Other	R 426 100
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	- R9 490 128
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- Depreciation and Redemption: Consist of the following:

Redemption External Borrowings	- R 583 015
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	- R 583 015
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- Contribution to Provisions:

Bad Debts	R15 870 000
CRR	- R 852 000
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	R15 018 000
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2. **Revenue** – The variance of R 17 118 892 consist of the following:-

-	User/Levied charges:	Electricity – sale of	R 9 236 734	
		Water – sale of	R 1 932 441	
		Other	- R 543 875	R 10 625 300
-	Tariff charges Levied:	Reconnection Fees	R 800 000	
		Vacuum Tank Services	- R 200 000	
		Other	- R 6 500	R 593 500
-	Tariff Charges Other:	Building Plan Copies	- R 15 000	
		Prepaid Consumer	R 5 976 554	
		Planning Fees	- R 15 000	
		Disposal Fee (Landfill Sites)	R 650 000	R 6 646 554
		Rehabilitation Fee (Landfill)	R 50 000	
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-	Government Grants/Subsidies:			
	MIG (Saving on Opex)		R	
	Department Sport Recreation Art + Culture	- R	100 000	
	Donation (Sedibeng) (Capital)	R	794 333	
	Provincial Health Subsidies	- R	443 995	
	Department Sport Recreation Art + Culture (Capex)	R	600 000	
	HIV Programme	- R	357 000	
	Sedibeng Funds Environmental Protection	- R	1 372 430	
	Savanna City	R	471 830	
	Other	R	240 000	R 167 262
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-	Other Income:	Sale of Land	- R 600 000	
		Valuation Roll Enquiries	R 2 000	
		Sundry Income	R 18 800	R 579 200
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				R 17 118 892
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B. CAPITAL BUDGET (Annexure "B")

The comparison between the approved 2011/2012 capital budget and the revised 2011/2012 Capital Budget reveals the following:

	TOTAL	CRR	GRANTS	EXT. FUNDING
Approved budget	R 41 524 000	R 8 429 000	R 30 645 000	R 2 450 000
Revised budget	R 41 501 000	R 6 812 000	R 32 239 000	R 2 450 000
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	- R 23 000	- R 1 617 000	R 1 594 000	R 0
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The compilation of the savings or additional expenditure as above consists of:

	TOTAL	CRR	GRANTS	EXT. FUNDING
<u>SPEAKERS OFFICE</u>				
Office furniture	- R 15 000	- R 15 000		
<u>IT Department</u>				
1 x Server	R 794 000		R 794 000	
<u>RECORDS</u>				
Early warning fire detection system – Registry office	- R 75 000	- R 75 000		
<u>COUNCIL CHAMBERS</u>				
Microphone & communication system extension	- R 50 000	- R 50 000		
<u>DEVELOPMENT & PLANNING</u>				
Advertisement boards	- R 250 000	- R 250 000		
Scanner and Plotter	R 160 000	R 160 000		
<u>LIBRARIES</u>				
Meyerton: Furniture & Equipment (DSACR)	R 600 000		R 600 000	
Sicelo: IT Equipment	R 45 000	R 45 000		
<u>PARKS</u>				
3 x Large Chainsaws	- R 40 000	- R 40 000		
2 x Kudu Lawn Mowers	- R 50 000	- R 50 000		
<u>SOCIAL SERVICES ADMIN</u>				
Youth Centre Furniture	R 200 000		R 200 000	
<u>WASTE MANAGEMENT</u>				
2 Air conditioners at Depot	R 15 000	R 15 000		
<u>PROTECTION SERVICES</u>				
<u>FIRE</u>				
Fire station at Vaal Marina	- R 750 000		- R 750 000	
Skid Units	- R 41 000	- R 41 000		
Martix (Risk assessment)	- R 16 000	- R 16 000		

	TOTAL	CRR	GRANTS	EXT. FUNDING
<u>TRAFFIC</u>				
Dragger Alcohol Tester	- R 100 000	- R 100 000		
<u>ENGINEERING ADMIN</u>				
<u>PURIFICATION</u>				
Bantu Bonke WWTW	R 32 000		R 32 000	
Upgrade & Debottlenecking Meyerton Waste Water Treatment Works	- R 2 000 000		- R 2 000 000	
Installation of cameras Meyerton WWTW	- R 20 000	- R 20 000		
<u>SEWER</u>				
Kliprivier Telemetry system	R 5 000	R 5 000		
Marina Letata pumpstation Telemetry	- R 5 000	- R 5 000		
Cameras at Rothdene pumpstation	- R 20 000	- R 20 000		
Power Rodder x 2 and rodding trolley	- R 40 000	- R 40 000		
Portable pump	R 15 000	R 15 000		
Locker room	R 50 000	R 50 000		
<u>ROADS</u>				
Gravel to Tar Phase 3 (MIG)	R 2 718 000		R 2 718 000	
Establishment Quarry	- R 200 000	- R 200 000		
Gravel to Tar Mooilande	- R 1 000 000	- R 1 000 000		
Upgrade locker rooms depot	- R 85 000	- R 85 000		
<u>WATER</u>				
Ablution block	R 85 000	R 85 000		
Roodepoort/Heinekin Reservoir Telemetry	- R 60 000	- R 60 000		
Sicelo Reservoir Telemetry	R 50 000	R 50 000		
Ablution block	R 25 000	R 25 000		
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	- R 23 000	- R 1 617 000	R 1 594 000	R
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4. ADJUSTMENT BUDGET TABLES
